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## BUDGET UNIT BRIEF – FY 2023

Fiscal Services Division

July 1, 2022



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Ground Floor, State Capitol Building

Des Moines, Iowa 50319

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### Job Training — Workforce Development Fund (WDF)

#### Purpose and History

The Workforce Development Fund (WDF) Account receives funding from the New Jobs Credit (Iowa Code section [422.16A](#)) per the withholding mechanism established in Iowa Code section [260E.5](#), including a job training project funded under Iowa Code section [15A.8](#). After a business's training obligation has been paid off, an amount equal to 25.0% of the total amount of withholding paid by a business for jobs created under the Program is diverted to the WDF Account for a period of 10 years. Initially, the Program had no cap on the amount of funds diverted. However, in 1996 the General Assembly began placing a cap on the Program. The cap has been set as follows:

- A cap of \$10.0 million in 1996 in [SF 2351](#) (Economic Development Programs Act).
- A cap of \$8.0 million in 2000 in [SF 2428](#) (Economic Development Appropriations Act).
- A cap of \$4.0 million in 2001 in [HF 718](#) (Economic Development Appropriations Act).
- A cap of \$6.0 million beginning with 2014 in [HF 2460](#) (Economic Development Appropriations Act).
- A cap for one year at \$5.8 million for 2015 in [HF 2460](#) (Economic Development Appropriations Act).
- A cap of \$7.8 million in 2022 in [HF 871](#) (Economic Development Appropriations Act).

The WDF was created during the 1995 Legislative Session with the enactment of [HF 573](#) (Workforce Development Fund Act) and Iowa Code section [15.341](#). The purpose of the WDF is to provide revenue for programs that address the workforce development needs of Iowa. The Fund is administered by the [Iowa Economic Development Authority \(IEDA\)](#), and training services are provided by the 15 community colleges. The General Assembly appropriates funds from the WDF Account, established in Iowa Code section [15.342A](#), to the WDF, established in Iowa Code section [15.343](#). Moneys appropriated to the WDF are to be used for the following programs and purposes:

- Projects under Iowa Code chapter [260F](#).
- Apprenticeship programs under Iowa Code section [260C.44](#).
- Administrative costs of the Workforce Development Program.

The moneys in the WDF are allocated as follows:

- \$4.8 million for the Iowa Job Training Program established in Iowa Code section [260F.6](#).

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#### More Information

Jobs Training Program (260F): [www.iowaeda.com/grow/260f](http://www.iowaeda.com/grow/260f)  
HF 573: [www.legis.iowa.gov/docs/publications/iactc/76.1/CH0184.pdf](http://www.legis.iowa.gov/docs/publications/iactc/76.1/CH0184.pdf)  
Iowa Economic Development Authority: [www.iowaeconomicdevelopment.com](http://www.iowaeconomicdevelopment.com)  
SF 2351: [www.legis.iowa.gov/docs/publications/iactc/76.2/CH1180.pdf](http://www.legis.iowa.gov/docs/publications/iactc/76.2/CH1180.pdf)  
SF 2428: [www.legis.iowa.gov/docs/publications/iactc/78.2/CH1230.pdf](http://www.legis.iowa.gov/docs/publications/iactc/78.2/CH1230.pdf)  
HF 718: [www.legis.iowa.gov/docs/publications/iactc/79.1/CH0188.pdf](http://www.legis.iowa.gov/docs/publications/iactc/79.1/CH0188.pdf)  
HF 2460: [www.legis.iowa.gov/docs/publications/iactc/85.2/CH1132.pdf](http://www.legis.iowa.gov/docs/publications/iactc/85.2/CH1132.pdf)  
HF 871: [www.legis.iowa.gov/legislation/BillBook?ga=89&ba=HF871](http://www.legis.iowa.gov/legislation/BillBook?ga=89&ba=HF871)  
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- \$3.0 million for the High Technology Apprenticeship Program established in Iowa Code section [260F.6B](#).

During the 2021 Legislative Session, the General Assembly enacted HF 871 (Economic Development Appropriations Act), section 24, maintaining the cap of \$3.0 million to support the Apprenticeship Training Program Fund (Iowa Code section [15B.3](#)) and increasing the cap to \$4.8 million for the Job Training Fund (Iowa Code section 260F.6).

Iowa Code section 260F.6 establishes a Job Training Fund under the purview of the IEDA in the WDF for the community colleges. The Job Training Fund consists of moneys appropriated for the purposes of Iowa Code chapter 260F, plus the interest and principal from repayment of advances made to businesses for program costs, plus the repayments, including interest, of loans made from the Fund, and interest earned from moneys in the Job Training Fund.

The Job Training Fund is used to provide funds for the payment of the costs of a training program by a business. A community college may provide the business with an advance of the moneys to be used to pay for the program costs as provided in the agreement entered into by the parties. To receive the funds for this advance from the Job Training Fund, the community college must submit an application to the IEDA. The amount of the advance must not exceed \$100,000, or \$200,000 within a three-fiscal-year period, for any business site. If the project involves a consortium of businesses, the maximum award per project must not exceed \$200,000. Participation in a consortium does not affect a business site's eligibility for individual project assistance. Prior to approval, a business must agree to match Program amounts in accordance with criteria established by the IEDA. Moneys in the Job Training Fund may be used by a community college to conduct entrepreneur development and support activities.

### **Funding**

The resources to operate the Job Training Program are provided from the Job Training Fund.

### **Related Statutes and Administrative Rules**

Iowa Code chapters [15](#), [15A](#), [15B](#), [260C](#), [260E](#), and [260F](#)

Iowa Code sections [260C.44](#) and [422.16A](#)

Iowa Administrative Code [261—8](#)

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